

April 19, 2012

Chair Michael Toerge and Planning Commission Members  
City of Newport Beach  
3300 Newport Blvd.  
Newport Beach, CA 92658

**RE: Newport Place Affordable Housing Amendment and Newport Banning Ranch  
Affordable Housing Implementation Plan**

Dear Chair Toerge and Planning Commission Members:

The Kennedy Commission (the Commission) is a broad based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than \$20,000 annually in Orange County. Formed in 2001, the Commission has been successful in partnering and working with jurisdictions in Orange County to create strategic and effective housing and land-use policies that has led to new construction of homes affordable to lower income working families.

With a significant lack of quality affordable homes, it is evident that Orange County is a very expensive place to live in. While the economic downturn has allowed home prices to be at an all time low, many lower income working families are still not able to purchase a home and remain as renters; however, many of these renting families continually struggle financially to live in the city they work in. Over the past year, Orange County had the biggest rental increase in Southern California (13%) and compared to other cities in Orange County,<sup>1</sup> housing costs are significantly higher in Newport Beach.<sup>2</sup>

As the City moves forward in addressing the housing needs for all income segments of the community, the Commission would like to acknowledge and commend the City's leadership in facilitating and encouraging the development of homes affordable to lower income families in the proposed Newport Place and Newport Banning Ranch developments. The Commission believes the City is moving in the right direction in implementing: 1) the City's 2008-2012 Housing Element Housing Programs 3.2.2. and 3.2.3 in Newport Place and; 2) an Affordable Housing Implementation Plan (AHIP) for Banning Ranch.

For the 2008-2014 Housing Element planning period, the City's total Regional Housing Needs Assessment (RHNA), including the un-accommodated portion of the 2000-2005 RHNA, for lower income households are: 451 homes at very low-income, 319 homes at low-income and; 442 homes at moderate-income.<sup>3</sup> To address the remaining RHNA

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<sup>1</sup> Rising Rents May Signal a Housing Market Recovery, Los Angeles Times, March 13, 2012

<sup>2</sup> City of Newport Beach General Plan Housing Element Draft, p. 5-30 and 5-31, August 2011.

<sup>3</sup> City of Newport Beach General Plan Housing Element Draft, p. 5-45, August 2011.

needs, the City identified the John Wayne Airport Area and Banning Ranch as opportunity sites suitable for residential development. In particular, the Airport Area was identified as the “greatest potential” to accommodate the City’s lower income RHNA need of 770 homes<sup>4</sup> and between 2010 and 2025, Banning Ranch is projected to represent 48 percent of the City’s total new units.<sup>5</sup> More importantly, these identified sites provide a significant opportunity for the City to address its remaining RHNA needs for extremely low-, very low- and low-income households. Providing an amendment to Newport Place would permit residential development that includes a minimum of 30 percent of homes affordable to lower income families.<sup>6</sup> Also, the removal of the 10-acre minimum site requirement and allowing by-right development for multifamily housing affordable to lower-income households is essential in encouraging and facilitating the development of affordable homes in the Airport Area. In addition, Banning Ranch (subject to an AHIP), is expected to provide the following: very low-income homes at 5 percent of total units (69 homes) or; low-income homes at ten percent of total units (138 homes) or; moderate-income homes at 15 percent of total units (206 homes) or; a combination of all three income categories.<sup>7</sup>

In December 2011, the California Department of Housing and Community Development (HCD) found the City’s 2008-2014 Housing Element in full compliance that was contingent upon the following:

Successful implementation of Program 3.2.2, to remove the 10-acre minimum site requirement and Program 3.2.3, to allow by-right development for multifamily housing affordable to lower-income households are critical to facilitate residential development within the John Wayne Airport Area (PC 11 and PC 15).<sup>8</sup>

The Commission supports the City’s efforts in planning the development of homes affordable to lower income working families. The proposed zoning amendment in Newport Place and AHIP implementation in Banning Ranch will not only provide quality and affordable homes for the City’s work force, but it will also build and contribute to a more economically competitive and opportunity rich community.

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<sup>4</sup> City of Newport Beach General Plan Housing Element, p. 5-54, November 2011.

<sup>5</sup> Draft Environmental Impact Report Volume 1, Newport Banning Ranch Project, City of Newport Beach, p. 4.7-15, Sept. 2011.

<sup>6</sup> City of Newport Beach Planning Commission Staff Report Agenda Item 2, p. 1, April 19, 2012.

<sup>7</sup> City of Newport Beach Planning Commission Staff Report Agenda Item 3, p. 15, April 19, 2012.

<sup>8</sup> Letter from California Housing and Community Development to City of Newport Beach, p. 1, December 2011.

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Please keep us informed of any upcoming meetings and additional information on the proposed Newport Place and Newport Banning Ranch developments. If you have any questions, feel free to contact me at (949) 250-0909 or [cesarc@kennedycommission.org](mailto:cesarc@kennedycommission.org).

Sincerely,

A handwritten signature in black ink, appearing to read 'Cesar Covarrubias', with a large, stylized loop at the end.

Cesar Covarrubias  
Executive Director

cc: Melinda Coy, State Department of Housing and Community Development